



July 17, 2013

Item No. 3

**AUTHORIZATION TO ENTER INTO A CONTRACT WITH
INTEGRYS ENERGY SERVICES, INC. FOR THE SUPPLY OF
ELECTRICITY AND RELATED SERVICES TO VARIOUS CHA RESIDENTIAL SITES**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners ("Board") authorizes the Chief Executive Officer or his designee to enter into a contract with Integrys Energy Services Inc., for electricity supply and delivery services at various CHA residential properties in an amount not-to-exceed \$8,700,000 for a two (2) year base term beginning August 1, 2013, with three (1) one year extension terms.

The Chief Financial Officer, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this procurement and recommend the approval of this item accordingly.

CORPORATE GOAL

Maintain effective and efficient supplies of electricity to residential developments of the Chicago Housing Authority ("CHA").

Due to deregulation of the electricity industry in Illinois, various electricity brokers entered the market where ComEd had been the sole electricity provider. The Chicago Housing Authority has the ability to purchase its electricity supplies from alternative commodity suppliers other than the local distribution company (LDC) or incumbent utility. It is in the best interest of the agency to seek a supplier who can reliably and economically supply and service the CHA's electricity needs for the residential portfolio to best serve our residents.

FUNDING: General Fund

SOLICITATION SUMMARY

Specification No.:	RFP 13-01120
Vendor:	Integrys Energy Services, Inc.
Contract Type:	Requirements
Base Contract Amount:	\$8,700,000
Contract Term:	Two (2) years; Three (3) one year extension terms
Solicitation Release Date:	April 19, 2013
Days Advertised:	30
Addenda:	1
Publication (s):	Chicago Sun-Times, Chicago Defender, Extra
Pre-Proposal Conference:	5/2/2013
Solicitation Due Date:	5/24/2013
Number of Vendors Solicited:	Nine (<u>9</u>)

Assist Agencies: Sixty-Six (66)
Pick-up List: Twenty-two (22)
Respondents: Two (2)

MBE/WBE/DBE Participation:

Direct:

MBE 20% WBE _____% DBE _____%

Indirect:

MBE _____% WBE _____% DBE _____%

Waiver No Yes/No

Section 3:

Hiring N/A (#) Subcontracting (#) Other Economic Opportunities (\$)

GENERAL BACKGROUND

The Chicago Housing Authority's current electricity supply and delivery contract with Constellation NewEnergy is set expire on July 31st 2013. CHA manages approximately 25,000 lower-income public housing units located throughout the City of Chicago with approximately 15,000 households. Providing electricity to these units requires approximately 53,000,000 kWh of electricity annually.

Given the CHA's anticipated consumption of approximately 106,000,000 kWh of natural gas for the next twenty-four (24) months, the recommended supply agreement offers CHA the opportunity to more advantageously purchase its electricity needs on wholesale terms instead of retail, and enables the CHA to hedge against potential market price fluctuations. The CHA has utilized bulk power purchasing practices to secure its electricity supplies for the housing portfolio at advantageous rates and to manage the risks of market fluctuations in electricity costs and supplies. Continued use of bulk purchasing is expected to provide further cost savings and efficiencies over the use of retail electricity supplies from the local utility.

Based on the foregoing, the Office of Budget Management recommends awarding a contract to Integrys Energy Services Inc. for electricity supply and delivery for a base term of twenty-four (24) months with three one year extension terms reserved to the CHA, commencing on August 1, 2013, in an amount not-to-exceed \$8,700,000.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Chief Financial Officer concurs with the recommendation to enter into a two (2) year contract with three (3) one year extension terms with Integrys Energy Services Inc. to supply electricity and related services to the CHA.

The CEO/President recommends the approval to enter into a contract with Integrys Energy Services, Inc. for the supply and delivery of electricity to the CHA for a base term of two (2) years plus three (3) one year extension terms in an amount not-to-exceed \$8,700,000.

RESOLUTION NO. 2013-CHA-50

WHEREAS, the Board of Commissioners has reviewed Board Letter dated July 17, 2013 requesting "AUTHORIZATION TO ENTER INTO A CONTRACT WITH INTEGRYS ENERGY SERVICES, INC. FOR THE SUPPLY OF AND RELATED SERVICES TO VARIOUS CHA RESIDENTIAL SITES"

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a contract with Integrys Energy Services Inc. for the supply and delivery of electricity to various CHA residential sites for a two (2) year base term with three (3) one year extension terms, in an amount not-to-exceed \$8,700,000 for the base term beginning August 1, 2013.

These awards are subject to each Contractor's compliance with the CHA's applicable MBE/WBE/DBE, Section III, and bonding and insurance requirements.



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